

電視廣播有限公司的信頭

Letterhead of Television Broadcasts Limited

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**Position of Television Broadcasts Limited (TVB)
in response to issues raised at the Bills Committee Meeting
held on Friday 31 March 2000**

Background

At the Bills Committee Meeting on Friday 31 March 2000, some expressed concern whether granting TVB's subsidiary organization, Galaxy Satellite Broadcasting Limited (Galaxy), a domestic pay television service licence would further entrench TVB's alleged dominance in the television market and give TVB unfair advantage over its competitors in acquisition of programmes.

Programme Acquisition

The short answer to the question is certainly "negative". The following facts and considerations are relevant:

- (a) TVB and Galaxy Satellite Broadcasting Limited are run by separate Management;
- (b) Programme acquisition will be conducted by different teams;
- (c) TVB is a mass media broadcaster, aiming at serving the majority needs of the viewing public. Galaxy as a pay service operator will primarily be interested in programming which serves the niche market needs. It is therefore understandable that the majority of programme material which

are of interest to TVB will not in any case be of interest to Galaxy and vice versa;

- (d) It is true that some programmes such as major sporting events may be of interest to both broadcasters such as TVB and narrowcasters such as Galaxy. Even in such cases, neither TVB nor Galaxy will have any unfair advantage over other operators in their negotiations with programme suppliers. As stated above, the two companies are run by separate Management and programme acquisition will be conducted by different teams. It is important to note that in any event, programme suppliers seek to maximize their incomes by carving out different licensing windows for different modes of transmission. Ultimately, it is the sum of licence fees which each individual operator is prepared to offer for its particular window will dictate the outcome of each and every programme supply deal;
- (e) It is also worth pointing out that the programmes of TVB's main revenue generating channel i.e. its Chinese Channel "Jade" is predominantly made up of "self-produced" instead of "acquired" programmes.

Market Dominance

Quite naturally, the most successful competitors will always be the focus of greater attention regarding their business practices and competitive behaviour. As a major participant in Hong Kong's television industry, TVB is committed to fair, open and honest competition and welcomes the increased government and public scrutiny that should attend our successful position in the industry

and community. However, the primary focus of scrutiny should always be actual behaviour in the market place, not size or market share. Successful companies should not be held to be transgressors because of their size or success.

As long as there is free access to the market, freedom to compete and no anti- competitive behaviour, we do not believe any player should be singled-out, penalized or restricted simply because of its size or success. If this is done, we believe both the television industry and the television viewing public will suffer. TVB believes the interests of Hong Kong television viewers, as well as of the television industry itself, will always be best served by a freely competitive television market and a level playing field for all players.

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